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**WBRH RADIO STATION TRAINING PROGRAM**  
**BATON ROUGE, LOUISIANA**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2014 AND 2013**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 11 2015**

# **WBRH RADIO STATION TRAINING PROGRAM**

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**INDEPENDENT AUDITOR'S REPORT**

To the Members and Management of the  
East Baton Rouge Parish School Board  
Baton Rouge, Louisiana

I have audited the accompanying financial statements of WBRH Radio Station Training Program as of and for the year ended June 30, 2014 (a special revenue fund of the East Baton Rouge Parish School Board), herein referred to as WBRH, which comprise the Organization's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activity of WBRH Radio Station Training Program as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 8 and 22 through 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink, appearing to be 'J. A. Smith', written over a horizontal line.

Baton Rouge, Louisiana  
November 17, 2014

**ROY HEBERT**  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Members and Management of the  
East Baton Rouge Parish School Board  
Baton Rouge, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of WBRH Radio Station Training Program (a special revenue fund of the East Baton Rouge Parish School Board, hereinafter referred to as WBRH), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise WBRH Radio Station Training Program's basic financial statements, and have issued my report thereon dated November 17, 2014.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered WBRH Radio Station Training Program's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WBRH Radio Station Training Program's internal control. Accordingly, I do not express an opinion on the effectiveness of WBRH Radio Station Training Program's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal

control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether WBRH Radio Station Training Program's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information of WBRH Radio Station Training Program, management of WBRH Radio Station Training Program, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

A handwritten signature in black ink, appearing to be a stylized 'A' or similar character, located above the typed name and date.

Baton Rouge, Louisiana  
November 17, 2014

**WBRH RADIO STATION TRAINING PROGRAM  
BATON ROUGE, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

Our discussion and analysis of WBRH Radio Station Training Program's (hereafter referred to as WBRH) financial performance provides an overview of WBRH's financial activities for the fiscal year ended June 30, 2014.

**FINANCIAL HIGHLIGHTS**

The financial statements included in this report provide insight into the financial status for the year. Based upon the operations of 2014, WBRH's net position decreased by \$4,666, and resulted in ending net position of \$602,679, or a decrease of .77 percent.

Total spending for the governmental activity was \$406,152 for the year, which was \$4,666 more than the revenues and the contributions received for this activity, \$401,486.

**USING THIS ANNUAL REPORT**

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities found on pages 9 and 11-12 provide information about the financial activities of WBRH and illustrate a longer-term view of WBRH's finances. Fund financial statements are also on pages 9 and 11-12. For governmental type activities, these statements illustrate how these services were financed in the short-term and what remains for future spending. Fund financial statements also report WBRH's operations in more detail than the government-wide statements by providing information about WBRH's significant fund.

WBRH's independent auditor attests in his report that the Basic Financial Statements are fairly stated. The auditor is providing varying degrees of assurance regarding the Required Supplementary Information, the levels of which are illustrated in the auditor's report.

**REPORTING WBRH AS A WHOLE, THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES**

Our analysis of WBRH as a whole begins on page 9. These statements help to illustrate the status of WBRH resulting from the year's activities. The statements include all assets and liabilities using the accrual basis of accounting. In this method, all of the current year's revenues and expenses are taken into account regardless of when cash is paid or received.

WBRH's net position is determined by examining the difference in assets and liabilities. The two statements report WBRH's net position and any changes in it. Examining WBRH's net position is an effective way to determine the financial status of WBRH. Increases and decreases in net position are indicators of WBRH's overall increasing or decreasing financial performance.

In the Statement of Net Position and the Statement of Activities, WBRH reports only governmental type activities. The majority of WBRH's activities are of this type, and taxes and contributions finance most of the activities.

## REPORTING WBRH'S MOST SIGNIFICANT FUNDS, FUND FINANCIAL STATEMENTS

The analysis of WBRH's major fund begins on page 9. The fund financial statements provide detailed information about the most significant fund rather than WBRH as a whole.

WBRH uses a governmental type fund. Most of WBRH's services are reported in this governmental fund, which focuses on how money flows into and out of that fund and the balance left at year-end that is available for spending. This fund is reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of WBRH's general government operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance WBRH's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation on the fund financial statement.

## WBRH AS A WHOLE

### BUSINESS-TYPE ACTIVITY

WBRH's net position decreased \$4,666 as a result of this year's operations resulting in ending net position of \$602,679, or a decrease of .77 percent. The balance in net position represents the accumulated results of all past years' operations. Unrestricted net position (the part of net position that can be used to finance daily operations without legal restrictions or obligations) changed from a \$75,889 surplus to a \$110,660 surplus at year end. WBRH can use these funds to finance the continuing operations of the office. This means that if we had to pay off all of our bills today, we would have \$110,660 left.

**Table 1**  
**Net Position**

|                          | <u>2014</u>       | <u>2013</u>       |
|--------------------------|-------------------|-------------------|
| Current and other assets | \$ 119,438        | \$ 80,800         |
| Capital assets           | 492,019           | 531,457           |
| Total assets             | <u>\$ 611,457</u> | <u>\$ 612,257</u> |
| Other liabilities        | 8,778             | 4,911             |
| Total liabilities        | <u>8,778</u>      | <u>4,911</u>      |



Net position:

|                            |                   |                   |
|----------------------------|-------------------|-------------------|
| Invested in capital assets | 492,019           | 531,457           |
| Unrestricted               | <u>110,660</u>    | <u>75,889</u>     |
| Total net position         | <u>\$ 602,679</u> | <u>\$ 607,346</u> |

WBRH's total revenues for the year decreased \$115,767 or 22.38 percent. Revenues included \$128,978 of in-kind support and on-behalf payments from the East Baton Rouge Parish School Board, \$96,409 in memberships and contributions, \$51,265 in underwriting, \$117,084 in grant income, and \$7,750 in other income. The total cost of all programs and services was \$406,152 with no new programs added this year.

**Table 2**  
**Changes in Net Position**

|                                     | <u>2014</u>       | <u>2013</u>       |
|-------------------------------------|-------------------|-------------------|
| Revenues                            |                   |                   |
| Program revenues                    | \$ 401,486        | \$ 517,253        |
| Other revenues                      | <u>-</u>          | <u>-</u>          |
| Total revenues                      | <u>401,486</u>    | <u>517,253</u>    |
| Program expenses                    |                   |                   |
| Total expenses                      | <u>406,152</u>    | <u>376,210</u>    |
| Increase (decrease) in net position | <u>\$( 4,666)</u> | <u>\$ 141,043</u> |

WBRH'S FUNDS

As previously mentioned, WBRH uses funds to help control and manage money for particular purposes. At the completion of the year, WBRH's governmental fund reported a fund balance of \$110,660. This reflects an increase of \$34,771 from last year.

GENERAL FUND BUDGETARY HIGHLIGHTS

WBRH's budget was not revised during the last year.

The actual expenditures were \$93,943 less than the budgeted amounts.

The resources available for expenditure were \$65,294 less than the budgeted amounts.

WBRH's General Fund balance of \$110,660 reported on page 12 differs from the General Fund's budgetary fund balance of \$82,012 reported in the budgetary comparison schedule on page 22.

CAPITAL ASSETS

At the end of the year, WBRH has \$492,019 invested in capital assets, including broadcasting equipment, furniture and fixtures, and office equipment. This year there were substantial additions and some disposals

during the year. More detailed information about WBRH's capital assets is presented in Note 3 of the financial statements.

**Table 3**  
**Capital Assets at Year-end**  
**(Net of Accumulated Depreciation)**

|   | <u>2014</u>       | <u>2013</u>       |
|---|-------------------|-------------------|
| Broadcast equipment, furniture and fixtures, and office equipment | <u>\$ 492,019</u> | <u>\$ 531,457</u> |

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

After several years of instability due to staffing and physical location difficulties, conditions have improved for WBRH in the past fiscal year. A new Office Manager was hired in the last quarter of fiscal year 2013-2014 which has resulted in a heightened degree of stability to our operation and should continue into fiscal year 2014-2015.

Membership is holding steady while the growth in new members has been surprisingly strong.

WBRH has also seen a 12% increase in the number of students involved in the Radio Training Program and it hoped that the trend will continue.

All things considered, management anticipates that fiscal year 2014-2015 will show improvement over the prior year.

#### CONTACTING WBRH'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of WBRH's finances and to show WBRH's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Larry Davis, Station Manager, 2825 Government Street, Baton Rouge, Louisiana 70806.

**WBRH RADIO STATION TRAINING PROGRAM  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

|  | Special<br>Revenue<br>Fund | Adjustments*       | Statement of<br>Net<br>Position |
|--|----------------------------|--------------------|---------------------------------|
| <b><u>ASSETS</u></b>                                       |                            |                    |                                 |
| Cash and cash equivalents                                  | \$ 119,438                 | \$ -               | \$ 119,438                      |
| Property and equipment,<br>net of accumulated depreciation | <u>-</u>                   | <u>492,019 (1)</u> | <u>492,019</u>                  |
| Total Assets   | <u>\$ 119,438</u>          | <u>\$ 492,019</u>  | <u>\$ 611,457</u>               |
| <b><u>LIABILITIES AND FUND EQUITIES</u></b>                |                            |                    |                                 |
| Liabilities  |                            |                    |                                 |
| Accounts payable   | <u>\$ 8,778</u>            | <u>\$ -</u>        | <u>\$ 8,778</u>                 |
| Total Liabilities  | <u>8,778</u>               | <u>-</u>           | <u>8,778</u>                    |
| Fund Equity  |                            |                    |                                 |
| Fund balance-assigned                                      | <u>110,660</u>             | <u>(110,660)</u>   |                                 |
| Total Liabilities and Fund Equities                        | <u>\$ 119,438</u>          |                    |                                 |
| Net position   |                            |                    |                                 |
| Invested in capital assets                                 |                            | 492,019 (1)        | 492,019                         |
| Unrestricted   |                            | <u>110,660</u>     | <u>110,660</u>                  |
| Total Net Position   |                            | <u>\$ -</u>        | <u>\$ 602,679</u>               |

**\*Explanation**

Capital assets, including depreciation, are recorded on the statement of net position, but not within the fund statements of the Special Revenue Fund.

The accompanying notes are an integral part of these financial statements.

**WBRH RADIO STATION TRAINING PROGRAM**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

|  | Special<br>Revenue<br>Fund | Adjustments*      | Statement of<br>Net<br>Position |
|--|----------------------------|-------------------|---------------------------------|
| <b><u>ASSETS</u></b>                                       |                            |                   |                                 |
| Cash and cash equivalents                                  | \$ 80,800                  | \$ -              | \$ 80,800                       |
| Property and equipment,<br>net of accumulated depreciation | -                          | 531,457 (1)       | 531,457                         |
| Total Assets   | <u>\$ 80,800</u>           | <u>\$ 531,457</u> | <u>\$ 612,257</u>               |
| <b><u>LIABILITIES AND FUND EQUITIES</u></b>                |                            |                   |                                 |
| Liabilities  |                            |                   |                                 |
| Accounts payable   | \$ 4,911                   | \$ -              | \$ 4,911                        |
| Total Liabilities  | <u>4,911</u>               | <u>-</u>          | <u>4,911</u>                    |
| Fund Equity  |                            |                   |                                 |
| Fund balance-assigned                                      | <u>75,889</u>              | (75,889)          |                                 |
| Total Liabilities and Fund Equities                        | <u>\$ 80,800</u>           |                   |                                 |
| Net position   |                            |                   |                                 |
| Invested in capital assets                                 |                            | 531,457 (1)       | 531,457                         |
| Unrestricted   |                            | <u>75,889</u>     | <u>75,889</u>                   |
| Total Net Position   |                            | <u>\$ -</u>       | <u>\$ 607,346</u>               |

**\*Explanation**

Capital assets, including depreciation, are recorded on the statement of net position, but not within the fund statements of the Special Revenue Fund.

The accompanying notes are an integral part of these financial statements.

**WBRH RADIO STATION TRAINING PROGRAM  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

|   | Special Revenue |               | Statement of   |
|---|-----------------|---------------|----------------|
|   | Fund            | Adjustments*  | Activities     |
| <b><u>EXPENDITURES/EXPENSES</u></b>       |                 |               |                |
| Advertising and promotion                 | \$ 6,130        |               | \$ 6,130       |
| Audit cost                                | 533             |               | 533            |
| Contract services                         | 38,951          |               | 38,951         |
| Depreciation                              | -               | 46,833 (1)    | 46,833         |
| Dues and subscriptions                    | 125             |               | 125            |
| Employee benefits                         | 72,500          |               | 72,500         |
| Equipment purchases                       | 7,395           | (7,395) (1)   | -              |
| Janitorial services                       | 1,030           |               | 1,030          |
| Land lease                                | 6,500           |               | 6,500          |
| Office supplies                           | 1,176           |               | 1,176          |
| Program fees                              | 15,208          |               | 15,208         |
| Regulatory fees and licenses              | 18,978          |               | 18,978         |
| Rent                                      | 13,162          |               | 13,162         |
| Repairs and maintenance                   | 12,735          |               | 12,735         |
| Salaries                                  | 164,711         |               | 164,711        |
| Utilities                                 | 7,582           |               | 7,582          |
| Total expenditures/expenses               | <u>366,714</u>  | <u>39,438</u> | <u>406,152</u> |
| <b><u>REVENUES</u></b>                    |                 |               |                |
| Memberships and contributions             | 96,409          |               | 96,409         |
| Other revenue                             | 7,750           |               | 7,750          |
| Underwriting                              | 51,265          |               | 51,265         |
| Corporation for Public Broadcasting grant | 117,084         |               | 117,084        |
| In-kind support                           | 128,978         |               | 128,978        |
| Total revenues                            | <u>401,486</u>  |               | <u>401,486</u> |
| Excess revenues over expenditures         | 34,772          | (34,772)      |                |
| Change in net position                    |                 | (4,666)       | (4,666)        |

The accompanying notes are an integral part of these financial statements.

**WBRH RADIO STATION TRAINING PROGRAM  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

|                                    | Special Revenue<br>Fund | Adjustments* | Statement of<br>Activities |
|------------------------------------|-------------------------|--------------|----------------------------|
| Fund balance(deficit)/Net position |                         |              |                            |
| Beginning of the year              | 75,889                  |              | 607,345                    |
| End of the year                    | \$ 110,660              | \$ -         | \$ 602,679                 |

**\*Explanation**

(1) Reclassify equipment purchases and record depreciation.

The accompanying notes are an integral part of these financial statements.

**WBRH RADIO STATION TRAINING PROGRAM  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

|   | Special Revenue<br>Fund | Adjustments*     | Statement of<br>Activities |
|---|-------------------------|------------------|----------------------------|
| <b><u>EXPENDITURES/EXPENSES</u></b>       |                         |                  |                            |
| Advertising and promotion                 | \$ 6,512                |                  | \$ 6,512                   |
| Audit cost                                | 535                     |                  | 535                        |
| Contract services                         | 41,709                  |                  | 41,709                     |
| Depreciation                              | -                       | 33,628 (1)       | 33,628                     |
| Dues and subscriptions                    | 125                     |                  | 125                        |
| Employee benefits                         | 79,406                  |                  | 79,406                     |
| Equipment purchases                       | 153,464                 | (153,464) (1)    | -                          |
| Janitorial services                       | 1,030                   |                  | 1,030                      |
| Land lease                                | 5,700                   |                  | 5,700                      |
| Office supplies                           | 2,397                   |                  | 2,397                      |
| Program fees                              | 9,834                   |                  | 9,834                      |
| Regulatory fees and licenses              | 11,145                  |                  | 11,145                     |
| Rent                                      | 13,162                  |                  | 13,162                     |
| Repairs and maintenance                   | 1,747                   |                  | 1,747                      |
| Salaries                                  | 162,404                 |                  | 162,404                    |
| Telephone                                 | 1,550                   |                  | 1,550                      |
| Utilities                                 | 5,326                   |                  | 5,326                      |
| Total expenditures/expenses               | <u>496,046</u>          | <u>(119,836)</u> | <u>376,210</u>             |
| <b><u>REVENUES</u></b>                    |                         |                  |                            |
| Memberships and contributions             | 74,659                  |                  | 74,659                     |
| Other revenue                             | 6,229                   |                  | 6,229                      |
| Underwriting                              | 65,828                  |                  | 65,828                     |
| Corporation for Public Broadcasting grant | 124,697                 |                  | 124,697                    |
| In-kind support                           | 245,840                 |                  | 245,840                    |
| Total revenues                            | <u>517,253</u>          |                  | <u>517,253</u>             |
| Excess revenues over expenditures         | 21,207                  | (21,207)         |                            |
| Change in net position                    |                         | 141,043          | 141,043                    |

The accompanying notes are an integral part of these financial statements.

**WBRH RADIO STATION TRAINING PROGRAM  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

|                                    | Special Revenue |              | Statement of |
|------------------------------------|-----------------|--------------|--------------|
|                                    | Fund            | Adjustments* | Activities   |
| Fund balance(deficit)/Net position |                 |              |              |
| Beginning of the year              | 54,682          |              | 466,303      |
| End of the year                    | \$ 75,889       | \$ -         | \$ 607,346   |

**\*Explanation**

(1) Reclassify equipment purchases, record depreciation and loss on disposal of fixed assets.

The accompanying notes are an integral part of these financial statements.



**WBRH RADIO STATION TRAINING PROGRAM  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

WBRH's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although WBRH has the option to apply FASB pronouncements issued after that date to its business-type activities, WBRH has chosen not to do so. The more significant accounting policies established in GAAP and used by WBRH are discussed below.

**A. BASIS OF PRESENTATION**

The accompanying component unit financial statements of WBRH have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**B. REPORTING ENTITY**

The WBRH Radio Training Station Training Program (WBRH) operates the WBRH radio station and provides for the training of students. WBRH is managed and owned by the East Baton Rouge Parish School Board (the Board), and is accounted for as a special revenue fund of the East Baton Rouge Parish School Board.

The School Board complies with Generally Accepted Accounting Principles (GAAP). The School Board's reporting entity applies to all relevant Governmental Accounting Standards Board (GASB) pronouncements.

**C. BASIC FINANCIAL STATEMENTS—GOVERNMENT-WIDE STATEMENTS**

WBRH's basic financial statements include both government-wide (reporting WBRH as a whole) and fund financial statements (reporting WBRH's major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. WBRH's general administrative services are classified as governmental type activities.

In the government-wide Statement of Net Position, the business-type column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. WBRH's net position is reported in three parts—invested in capital assets, net of related debt; restricted net position; and unrestricted net position. WBRH first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of WBRH's functions. The net costs by function are normally covered by general revenue.

This government-wide focus is more on the sustainability of WBRH as an entity and the change in WBRH's net position resulting from the current year's activities.

## **WBRH RADIO STATION TRAINING PROGRAM NOTES TO COMBINED FINANCIAL STATEMENTS**

### **D. FUND ACCOUNTING**

The financial transactions of WBRH are recorded in a separate fund and the fixed assets are recorded in an account group, each of which is considered a separate accounting entity. The separate fund is classified as a special revenue fund, which is a governmental fund type. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise assets, liabilities, fund balances, revenues and expenditures, or expenses as appropriate. The account group represents a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not affect net expendable available financial resources.

### **E. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

#### **1. Accrual:**

Business-type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

#### **2. Modified Accrual:**

The governmental fund financial statement is presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

### **F. BUDGETS AND BUDGETARY ACCOUNTING**

WBRH follows these procedures in establishing the budgetary data reflected in the combined financial statements:

Formal budgetary integration is employed as a management control device during the year for WBRH.

Special Revenue Funds' budgets that are not grant-oriented have annual appropriated budgets adopted prior to September 30 by the Board. Unencumbered appropriations of grant-oriented Special Revenue Funds are reappropriated at the beginning of the following fiscal year. Unencumbered appropriations of certain nongrant-oriented Special Revenue Funds lapse at the end of the fiscal year. These budgets are adopted on a basis consistent with GAAP.

All budget amounts presented in the combined financial statements have been adjusted for legally authorized revisions of the annual budgets during the year. The Board approves all budget revisions.

**WBRH RADIO STATION TRAINING PROGRAM  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**G. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from these estimates.

**H. CASH AND INVESTMENTS**

Cash and cash equivalents include amounts in demand deposits and certificates of deposit with maturity dates within three months of the dates of acquisitions.

The Board is authorized to invest in U.S. Government securities and other allowable obligations issued or guaranteed by Federal agencies provided such obligations are backed by the full faith and credit of the United States of America; and certificates of deposit of financial institutions having principal offices within the State of Louisiana.

The Board maintains three checking accounts, exclusive of individual schools' bank accounts, with the Board's fiscal agent bank. These three accounts are the consolidated cash account and two interest bearing imprest accounts for the disbursements of payrolls and vendors.

**I. CAPITAL ASSETS**

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The amounts presented represent only those assets pertaining to WBRH, and not the entire school board. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

|                        |             |
|------------------------|-------------|
| Broadcast equipment    | 10-15 years |
| Furniture and fixtures | 10 years    |
| Office equipment       | 5 years     |

**J. DONATED FACILITIES, SERVICES AND COSTS**

The East Baton Rouge Parish School Board provides facilities, including utilities and building maintenance, for the use of WBRH. This provision is made at no cost to WBRH. Management has estimated that the fair market value of the facility usage, utilities and building maintenance at \$22,924 and \$20,668 for 2014 and 2013, respectively. The financial statements reflect \$22,924 and \$20,668 of support from this in-kind donation and \$22,924 and \$20,668 of expense in connection with facility costs in 2014 and 2013, respectively.

**WBRH RADIO STATION TRAINING PROGRAM  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**K. FUND EQUITY**

WBRH implemented the provisions of Governmental Accounting Standards Board Statement No. 54 which redefined how fund balances are presented in the fund financial statements, effective July 1, 2010. In the governmental fund financial statements, fund balances are classified as follows:

**Nonspendable** – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors.

**Committed** – Amounts that can only be used for specific purposes determined by a formal action of the District. These amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed.

**Assigned** – Amounts that are designated as committed by WBRH but are not spendable until a budget ordinance is passed.

**Unassigned** – All amounts not included in other spendable classifications. WBRH has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum level.

The details of the fund balances are included in the Balance Sheet (page 9 and 10). As noted above, restricted funds are used first as appropriate. Assigned funds are reduced to the extent that expenditure authority has been budgeted by WBRH or the assignment has been changed by WBRH. Decreases in fund balance first reduce unassigned fund balance; in the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

**2. BANK DEPOSITS**

WBRH's cash is contained within the consolidated cash account referred to in Note 1. This bank account is shared by all of the funds of the Board, with each fund maintaining a balance within the account. WBRH's balance within this account was \$119,438 and \$80,800 as of June 30, 2014 and 2013, respectively.

Custodial credit risk for deposits is the risk that in the event of financial institution failure, WBRH's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. WBRH had no custodial risk as of June 30, 2014 and 2013.

Securities, that may be pledged as collateral, consist of obligations of the U.S. government and its agencies; obligations of the State of Louisiana and its municipalities and school districts.

**WBRH RADIO STATION TRAINING PROGRAM  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**3. CHANGES IN GENERAL FIXED ASSETS**

The changes in general fixed assets of WBRH are as follows:

| <u>2014</u>                   | Balance<br><u>June 30, 2013</u> | <u>Additions</u> | <u>Deletions</u> | Balance<br><u>June 30, 2014</u> |
|-------------------------------|---------------------------------|------------------|------------------|---------------------------------|
| Broadcast equipment           | \$ 736,508                      | 7,395            |                  | \$ 743,903                      |
| Furniture and fixtures        | -0-                             |                  |                  | -0-                             |
| Office equipment              | 4,979                           |                  |                  | 4,979                           |
| Less accumulated depreciation | <u>-210,030</u>                 | <u>-46,833</u>   |                  | <u>-256,863</u>                 |
| Capital assets, net           | <u>\$ 531,457</u>               |                  |                  | <u>\$ 492,019</u>               |

  

| <u>2013</u>                   | Balance<br><u>June 30, 2012</u> | <u>Additions</u> | <u>Deletions</u> | Balance<br><u>June 30, 2013</u> |
|-------------------------------|---------------------------------|------------------|------------------|---------------------------------|
| Broadcast equipment           | \$ 586,749                      | 153,464          | 3,705            | \$ 736,508                      |
| Furniture and fixtures        | 1,323                           |                  | 1,323            | -0-                             |
| Office equipment              | 4,979                           |                  |                  | 4,979                           |
| Less accumulated depreciation | <u>-181,430</u>                 | <u>-33,628</u>   | <u>5,028</u>     | <u>-210,030</u>                 |
| Capital assets, net           | <u>\$ 541,621</u>               |                  |                  | <u>\$ 531,457</u>               |

**4. DEFINED BENEFIT PENSION PLANS**

Plan Description

The full-time employees of WBRH are employees of the Board. All school board employees participate in either the Teachers' Retirement System or the School Employees' Retirement System (the Systems), which are cost-sharing, multiple-employer public employee retirement systems. Each system is administered and controlled by the State of Louisiana by a separate board of trustees with contribution rates and benefit provisions approved by the Louisiana Legislature. Participation in the Teachers' Retirement System is divided into two plans, the Teachers' Regular Plan and the Teachers' Plan A. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits under each plan.

Each of the Systems issues annual publicly available financial reports that include financial statements and required supplementary information for the system. These reports may be obtained by writing or calling:

|   |  |
|---|--|
| Teachers' Retirement System of Louisiana      | 8401 United Plaza Boulevard<br>Post Office Box 94123<br>Baton Rouge, Louisiana 70804-9123<br>(225)925-6446 |
| Louisiana School Employees' Retirement System | 8660 United Plaza Boulevard<br>Baton Rouge, Louisiana 70809<br>(225)925-6484                               |

# WBRH RADIO STATION TRAINING PROGRAM NOTES TO COMBINED FINANCIAL STATEMENTS

## Funding Policy

Contributions to the plans are required and determined by State statute (which may be amended) and are expressed as a percentage of covered payroll. The contribution rates in effect for the years ended June 30, 2014 and 2013, for the Board and covered employees were as follows:

| <u>2014</u>                         | <u>School Board</u>     | <u>Employees</u>                           |
|-------------------------------------|-------------------------|--|
| Teachers' Retirement System:        |                         |  |
| Regular Plan                        | 27.20%                  | 8.00%                                      |
| Plan A                              | 32.60%                  | 9.10%                                      |
| School Employees' Retirement System | 32.30%                  | 7.50%                                      |
|                                     |                         | (8% effective 7/1/2010<br>for new members) |
| <br><u>2013</u>                     | <br><u>School Board</u> | <br><u>Employees</u>                       |
| Teachers' Retirement System:        |                         |  |
| Regular Plan                        | 24.50%                  | 8.00%                                      |
| Plan A                              | 30.00%                  | 9.10%                                      |
| School Employees' Retirement System | 30.80%                  | 7.50%                                      |
|                                     |                         | (8% effective 7/1/2010<br>for new members) |

As provided by Louisiana Revised Statute 11:103, the Board's contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The contributions to the systems for the years ended June 30, 2014, 2013, and 2012, were \$40,192, \$37,962, and \$36,710, respectively, and were equal to the required contributions for each year.

## **5. LITIGATION AND CONTINGENCIES**

WBRH is or may become a defendant in workers' compensation, personal injury, and certain personnel action lawsuits. Management and legal counsel for the Board believe that the potential claims against the Board, not covered by insurance, would not materially affect WBRH's financial position.

## Federal Grants

In the normal course of operations, WBRH receives grant funds from the Corporation for Public Broadcasting. WBRH is subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement, which may arise as the result of these audits is not believed to be material.

## **6. LEASE OBLIGATIONS**

WBRH leases the land which one of its radio towers occupies. The current lease payment is \$450 per month. The original term of the lease expired December 31, 2012. Lessee was granted an option to renew and extend

**WBRH RADIO STATION TRAINING PROGRAM  
NOTES TO COMBINED FINANCIAL STATEMENTS**

this lease for a renewal term of five years, commencing at 12:01 A.M. on the date of expiration of each then-expiring term, which option shall automatically be exercised without any further action by Lessee unless Lessee gives written notice to Lessor no later than thirty (30) days prior to expiration of the initial term that the Lease shall not be renewed for an additional term. Management has renewed the lease for an additional five years. The lease payment for the renewal period is \$500 per month.

WBRH also leases tower space for its transmitter. The lease payment for the initial five year term was waived in consideration of the station performing certain actions required by the lessor. The original term of the lease expires July 31, 2015, and is renewable for three additional five years terms. The lease payment for the first renewal period will be \$350 per month and the station will reimburse the lessor for all charges for the electricity used to power the transmitter during each immediately preceding month of the first renewal term. The lease payments for the second and third renewal periods are to be mutually agreed upon by the parties.

Future minimum lease payments as of June 30, 2014 and 2013, under the operating leases referred to above are:

| Years ending June 30: | <u>2014</u> | <u>2013</u> |
|-----------------------|-------------|-------------|
| 2013                  | -           | 5,700       |
| 2014                  | 6,000       | 6,000       |
| 2015                  | 6,000       | 6,000       |
| 2016                  | 9,850       | 9,850       |
| 2017                  | 10,200      | 10,200      |
| thereafter            | 15,950      | 15,950      |

During the year ended June 30, 2014 and 2013, lease payments in the amount of \$6,500 and \$5,700, respectively, were charged to operations.

**7. ON-BEHALF PAYMENTS FOR SALARIES AND RELATED BENEFITS**

Salary and related benefit payments are made by the Board directly to an employee on behalf of WBRH. Therefore, the basis for recognizing the revenue and expenditure (expense) payments is the actual contribution made by the Board. For 2014 and 2013, the Board paid salaries and related benefit in the amounts of \$104,955 and \$99,299, respectively. These payments are recorded as revenues and expenditures (expenses) in the 2014 and 2013 financial statements.

**8. EVALUATION OF SUBSEQUENT EVENTS**

Subsequent events were evaluated through November 17, 2014, which is the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**WBRH RADIO STATION TRAINING PROGRAM**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**

|   | SPECIAL REVENUE FUND            |            |  |
|---|---------------------------------|------------|--|
|   | BUDGET<br>ORIGINAL<br>AND FINAL | ACTUAL     | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
| <b><u>REVENUES</u></b>                    |                                 |            |  |
| Memberships and contributions             | \$ 74,000                       | \$ 96,409  | \$ 22,409                              |
| Other revenue                             | 6,000                           | 7,750      | 1,750                                  |
| Underwriting                              | 65,000                          | 51,265     | (13,735)                               |
| Corporation for Public Broadcasting grant | 124,000                         | 117,084    | (6,916)                                |
| In-kind support                           | 197,780                         | 128,979    | (68,801)                               |
| Total revenues                            | 466,780                         | 401,486    | (65,294)                               |
| <b><u>EXPENDITURES</u></b>                |                                 |            |  |
| Advertising and promotion                 | 17,175                          | 6,131      | 11,045                                 |
| Audit cost                                | 35                              | 533        | (498)                                  |
| Contract services                         | 46,300                          | 38,951     | 7,349                                  |
| Dues and subscriptions                    | 150                             | 125        | 25                                     |
| Employee benefits                         | 80,546                          | 72,500     | 8,046                                  |
| Equipment purchases                       | 10,000                          | 7,395      | 2,605                                  |
| Janitorial services                       | 1,030                           | 1,030      | -                                      |
| Land lease                                | 6,000                           | 6,500      | (500)                                  |
| Office supplies                           | 4,600                           | 1,176      | 3,424                                  |
| Program fees                              | 12,200                          | 15,208     | (3,008)                                |
| Regulatory fees and licenses              | 13,975                          | 18,978     | (5,003)                                |
| Rent                                      | 64,560                          | 13,162     | 51,398                                 |
| Repairs and maintenance                   | 9,360                           | 12,735     | (3,375)                                |
| Salaries                                  | 164,906                         | 164,711    | 195                                    |
| Telephone                                 | 1,300                           | -          | 1,300                                  |
| Travel                                    | 50                              | -          | 50                                     |
| Utilities                                 | 28,470                          | 7,582      | 20,888                                 |
|   | 460,657                         | 366,714    | 93,943                                 |
| Excess revenues over (under) expenditures | 6,123                           | 34,772     | 28,649                                 |
| Fund balance, beginning of the year       | 75,889                          | 75,889     | -                                      |
| Fund balance (deficit), end of the year   | \$ 82,012                       | \$ 110,661 | \$ 28,649                              |

The accompanying notes are an integral part of these financial statements.

**WBRH RADIO STATION TRAINING PROGRAM**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

|   | SPECIAL REVENUE FUND            |                  |  |
|---|---------------------------------|------------------|--|
|   | BUDGET<br>ORIGINAL<br>AND FINAL | ACTUAL           | VARIANCE<br>FAVORABLE<br>(UNFAVORABLE) |
| <b><u>REVENUES</u></b>                    |                                 |                  |  |
| Memberships and contributions             | \$ 95,000                       | \$ 74,659        | \$ (20,341)                            |
| Other revenue                             | 1,000                           | 6,229            | 5,229                                  |
| Underwriting                              | 67,500                          | 65,828           | (1,672)                                |
| Corporation for Public Broadcasting grant | 115,000                         | 124,697          | 9,697                                  |
| In-kind support                           | 194,053                         | 245,840          | 51,787                                 |
| Total revenues                            | <u>472,553</u>                  | <u>517,253</u>   | <u>44,700</u>                          |
| <b><u>EXPENDITURES</u></b>                |                                 |                  |  |
| Advertising and promotion                 | 10,600                          | 6,512            | 4,089                                  |
| Audit cost                                | 5,500                           | 535              | 4,965                                  |
| Contract services                         | 46,300                          | 41,709           | 4,591                                  |
| Dues and subscriptions                    | 150                             | 125              | 25                                     |
| Employee benefits                         | 78,218                          | 79,406           | (1,188)                                |
| Equipment purchases                       | 16,000                          | 153,464          | (137,464)                              |
| Janitorial services                       | 1,030                           | 1,030            | -                                      |
| Land lease                                | 5,700                           | 5,700            | -                                      |
| Office supplies                           | 4,600                           | 2,397            | 2,203                                  |
| Program fees                              | 9,400                           | 9,834            | (434)                                  |
| Regulatory fees and licenses              | 12,575                          | 11,145           | 1,430                                  |
| Rent                                      | 64,560                          | 13,162           | 51,398                                 |
| Repairs and maintenance                   | 10,860                          | 1,747            | 9,113                                  |
| Salaries                                  | 163,529                         | 162,404          | 1,125                                  |
| Telephone                                 | 2,000                           | 1,550            | 450                                    |
| Travel                                    | 50                              | -                | 50                                     |
| Utilities                                 | 28,470                          | 5,326            | 23,144                                 |
|   | <u>459,542</u>                  | <u>496,046</u>   | <u>(36,504)</u>                        |
| Excess revenues over (under) expenditures | 13,011                          | 21,207           | 8,196                                  |
| Fund balance, beginning of the year       | <u>54,682</u>                   | <u>54,682</u>    | <u>-</u>                               |
| Fund balance (deficit), end of the year   | <u>\$ 67,693</u>                | <u>\$ 75,889</u> | <u>\$ 8,196</u>                        |

The accompanying notes are an integral part of these financial statements.

**WBRH RADIO STATION TRAINING PROGRAM**

**Summary Schedule of Findings**

**Year Ended June 30, 2014**

**A. Findings-financial statement audit:**

1. None

**WBRH RADIO STATION TRAINING PROGRAM**  
**Summary Schedule of Prior Year Findings**  
**Year Ended June 30, 2013**

A. Findings-financial statement audit:

1. None

## **SCHEDULES**

**WBRH RADIO STATION TRAINING PROGRAM  
SCHEDULE OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

|  | <u>2014</u>       | <u>2013</u>      |
|--|-------------------|------------------|
| Cash Flows From Operating Activities   |                   |                  |
| Change in net position   | \$ (4,666)        | \$ 141,043       |
| Adjustments to reconcile change in net position to net cash provided (used) by operating activities: |                   |                  |
| Depreciation   | 46,833            | 33,628           |
| Increase (decrease) in accounts payable  | <u>3,867</u>      | <u>(2,584)</u>   |
| Total adjustments  | <u>50,700</u>     | <u>31,044</u>    |
| Net Cash Provided (Used) by Operating Activities   | <u>46,034</u>     | <u>172,087</u>   |
| Purchases of fixed assets  | <u>(7,395)</u>    | <u>(153,464)</u> |
| Net Cash Provided (Used) by Investing Activities   | <u>(7,395)</u>    | <u>(153,464)</u> |
| Net increase (decrease) in cash  | 38,639            | 18,623           |
| Cash at beginning of the year  | <u>80,800</u>     | <u>62,177</u>    |
| Cash at end of the year  | <u>\$ 119,439</u> | <u>\$ 80,800</u> |

The accompanying notes are an integral part of this schedule.